MCF 3M Opener

Determine both the present value and the interest earned on an investment that will be worth $5000 in 3 years if the interest rate is 4%/a compounded monthly.

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$A = P(1+i)^n$

$5000 = P(1.0033)^{36}$

$5000 = P(1.125)$

$\frac{5000}{1.125} = P$

$4444.44 = P$

$A = 5000$
$P = ?$
$i = 0.04/12 = 0.0033$
$n = 3 \times 12 = 36$

5000 - 4444.44 = 555.56 Interest

Using TVM Solver

$4435.49

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## Compounding Periods

| | |
|---|---|
| Daily | 365 |
| Weekly | 52 |
| Bi weekly | 26 |
| Quarterly | 4 |
| Monthly | 12 |
| Semi Annually | 2 |
| Annually | 1 |

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N=
I%=
PV=
PMT=
FV=
P/Y=
C/Y=
PMT= END

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## One Time Investment

N= # of years
I%= percentage %
PV= present value
PMT= payment (-)
FV= future value
P/Y= payments/year
C/Y= compounding/year
PMT= END

Alpha Solve

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p. 487 q. 2

N=
I%=
PV=
PMT=
FV=
P/Y=
C/Y=
PMT= END

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(2) p 487

N= 4
I%= 2.75
PV= -49 500
PMT= 0
FV= AlphaSolve -54 059.13
P/Y= 1
C/Y= 1
PMT= END

Gnu will earn $54 059.13 after 4 years.

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q.2-8 p. 487
q. 11,12 & 14 p. 488

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